



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 08-16, Oregon State Income Tax Withholding

Date: April 4, 2008

To: Holders of TAXES (State of Oregon only)  
Personnel User Groups  
T&A Contact Points in Oregon

Beginning with wages paid for Pay Period 6, the National Finance Center (NFC) will make the following changes to the state of Oregon income tax withholdings:

- The annualized deduction for Federal tax withheld will increase from \$5,500 to \$5,600.
- The annual Standard Deduction amount for Single filers claiming less than 3 allowances will decrease from \$1,870 to \$1,825. The annual Standard Deduction amount for Married filers and Single filers claiming 3 or more allowances will decrease from \$3,740 to \$3,650.
- The annual tax credit amount, per exemption, will increase from \$165 to \$169.

To view the updated tax formula, go to NFC's Home Page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click the **Publications** link at the top of the page. At the Publications page right-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

MARK J. HAZUDA, Director  
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# Oregon State Income Tax Information

<b>State Abbreviation:</b>	OR
<b>State Tax Withholding State Code:</b>	41
<b>Acceptable Exemption Form:</b>	W-4
<b>Basis For Withholding:</b>	State or Federal Exemptions
<b>Acceptable Exemption Data:</b>	S, M / Number of Exemptions
<b>TSP Deferred:</b>	Yes
<b>Special Coding:</b>	None
<b>Additional Information:</b>	If a state income tax certificate has not been processed or if a valid state exemption code is not present, the Federal exemption code will be used in the computation of state tax or if an invalid marital status (other than S or M) is present with the number of state exemptions, the highest Oregon withholding rate (Single) with the number of exemptions will be used in the computation of state tax.

## Withholding Formula ►(Effective Pay Period 6, 2008)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes dental and vision insurance program, and flexible spending account – health care and dependent care deductions) from the amount computed in Step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times ►27◄ to obtain the gross annual wages.
5. Determine the standard deduction allowance by applying the following guideline and subtract this amount from the annual wages.

### If the Employee Is:

### The Standard Deduction Is:

Single claiming less than 3 exemptions	\$ ►1,825
Single claiming 3 or more exemptions	\$ 3,650
Married	\$ 3,650 ◄

6. Multiply the biweekly Federal income tax withholding times ►27◄ to obtain the annual Federal income tax withholding (up to a maximum of ►\$5,600◄) and deduct from the result of step 5 to obtain the taxable income.
7. Apply the taxable income computed in step 5 to the following table to determine the annual Oregon tax withholding.

Tax Withholding Table					
Married					
or					
Single (With Three or More Exemptions)					
If the Amount of Taxable Income Is:			The Amount of Oregon Tax Withholding Should Be:		
Over:	But Not Over:				Of Excess Over:
\$ 0	\$ 5,700		\$ 0 plus 5%		\$ 0
5,700	14,300		285 plus 7%		5,700
14,300	and over		887 plus 9%		14,300

Single					
(With Less Than Three Exemptions)					
If the Amount of Taxable Income Is:			The Amount of Oregon Tax Withholding Should Be:		
Over:	But Not Over:				Of Excess Over:
\$ 0	\$ 2,850		\$ 0 plus 5%		\$ 0
2,850	7,150		143 plus 7%		2,850
7,150	and over		444 plus 9%		7,150

8. Multiply the number of exemptions by ►\$169◄ and subtract from the result of step 7 to obtain the annual Oregon tax withholding.
9. Divide the annual Oregon tax withholding by ►27◄ to obtain the biweekly Oregon tax withholding.